

November 27, 2012

The Financial Aid Workgroup of the Higher Education Advisory Committee makes the following recommendations regarding the use of undergraduate tuition for financial aid:

1. Colleges and universities should adopt the following parameters for the use of tuition revenue for undergraduate student financial aid:
 - a. State and institutional aid should serve as both a means and incentive to enhance affordability for low- and middle-income students and to facilitate timely graduation.
 - b. In-state tuition should not subsidize out of state students.
 - c. As with Pell Grants, students receiving this aid must be making satisfactory academic progress which is defined by the United State Department of Education.
 - d. Student awards should be based primarily on financial need.
2. The State Council of Higher Education for Virginia should convene a work group of institutional representatives and state policy makers to identify best practices and develop mechanisms for greater transparency of unfunded scholarships, tuition waivers, and tuition and fee revenues set aside for financial aid. The work group will consider changes to public documents, such as the Appropriation Act, college and university six-year plans, and institutional or SCHEV websites, to make information about state and institutional non-general fund financial aid more visible to the public. Work group suggestions will be presented in 2013 when the Higher Education Advisory Committee resumes its work after the legislative session.
3. The Commonwealth should explore the possibility of allocating some portion of state financial aid funds in ways that lead to higher levels of student retention and graduation. The Financial Aid Workgroup reviewed best practices and research in other states for student incentives that encourage completion in a timely manner. The State Council of Higher Education has recommended using funds (College Scholarship Assistance Program) currently designated as a state match for the now-defunct federal Leveraging Educational Assistance Partnership to stimulate change and improvement in the use of financial aid funds to support student achievement and to evaluate these efforts. If such a program is established, the workgroup recommends that SCHEV provide the Higher Education Advisory Committee with data on programs that best impact retention and graduation.
4. With the assistance of colleges and universities, the State Council of Higher Education should undertake an assessment of financial aid eligibility and practices at Virginia's colleges and universities, including the impact of recent policy changes at the federal level, with the objective of enhancing financial aid eligibility and awards to middle-income families without diminishing aid for low-income families. Federal funding, state general fund, and institutional non-general Funds for financial aid must work together to ensure access and completion. A progress report of the assessment should be submitted to the Higher Education Advisory Committee by July 1, 2013.

5. The State Council for Higher Education in Virginia should work with the institutions to better understand and document the actual net price paid by students and its impact on low- and middle-income affordability and access to Virginia's post secondary institutions.
6. Effective August 1, 2013, the State Council of Higher Education for Virginia shall publish data on its website on the proportion of graduates with employment at 18 months and five years after the date of graduation for each public institution and each private nonprofit institution of higher education eligible to participate in the Tuition Assistance Grant Program. The data shall include the program and the program level, as recognized by the State Council of Higher Education, for each degree awarded by each institution and shall, at a minimum, include the percentage of graduates known to be employed in the Commonwealth, the average salary, and the average higher education-related debt for the graduates on which the data are based. Once the data are available, the Higher Education Advisory Committee should use the data to evaluate the impact of student debt as it relates to institution and degree and inform policy makers on strategies to reduce student debt.